

ORIGINAL

COMMISSIONERS
 BOB STUMPF, Chairman
 GARY PIERCE
 BRENDA BURNS
 BOB BURNS
 SUSAN BITTER SMITH



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ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

DATE: APRIL 16, 2013
 DOCKET NO.: W-02102B-12-0286

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Belinda A. Martin. The recommendation has been filed in the form of an Order on:

RANCHO DEL CONEJO COMMUNITY WATER CO-OP, INC.
 (RATES)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

APRIL 25, 2013

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

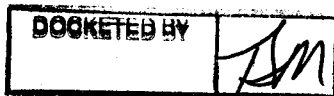
MAY 1, 2013 AND MAY 2, 2013

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission

DOCKETED

APR 16 2013



Jodi A. Jerich
 JODI JERICH
 EXECUTIVE DIRECTOR

1200 WEST WASHINGTON STREET; PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET; TUCSON, ARIZONA 85701-1347
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This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail SABernal@azcc.gov.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 BOB STUMP - Chairman
4 GARY PIERCE
5 BRENDA BURNS
6 BOB BURNS
7 SUSAN BITTER SMITH

8 IN THE MATTER OF THE APPLICATION OF
9 RANCHO DEL CONEJO COMMUNITY
10 WATER CO-OP, INC. FOR A PERMANENT
11 RATE INCREASE.

DOCKET NO. W-02102B-12-0286

DECISION NO. _____

ORDER

9 Open Meeting
10 May 1 and 2, 2013
11 Phoenix, Arizona

12 **BY THE COMMISSION:**

13 Having considered the entire record herein and being fully advised in the premises, the
14 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

15 **FINDINGS OF FACT**

16 **PROCEDURAL HISTORY**

17 1. On June 29, 2012, Rancho del Conejo Community Water Co-op, Inc. ("RDC" or
18 "Company"), filed an application with the Commission for a permanent rate increase ("Application").
19 The Company attached a copy of the notice sent to members/customers on June 27, 2012, advising
20 them of the pending Application. To date, no customer comments have been filed in response to the
21 notice.

22 2. RDC docketed an amendment to the Application on July 18, 2012.

23 3. On July 27, 2012, the Commission's Utilities Division ("Staff") issued a Letter of
24 Deficiency and Data Requests, and RDC filed its responses to the Data Requests on August 22, 2012.

25 4. On September 14, 2012, Staff filed its Sufficiency Letter, stating the Application met
26 the requirements of Arizona Administrative Code ("A.A.C.") R14-2-103 and classifying RDC as a
27 Class D utility.

28 5. On November, 19, 2012, RDC docketed its proposed five Best Management Practices

1 ("BMP") Tariffs.

2 6. On November 28, 2012, Staff issued its Staff Report recommending Commission
3 approval of Staff's proposed rates and charges, subject to certain conditions.

4 7. RDC submitted its comments to the Staff Report on December 10, 2012, objecting to
5 certain recommendations and requesting a hearing on the Application.

6 8. RDC filed correspondence on January 8, 2013, noting that the Company had met with
7 Staff to discuss RDC's objections to the Staff Report. The Company stated that it agreed with the
8 revisions to the Staff Report proposed during the meeting and withdrew its request for a hearing.

9 9. Staff docketed a Supplement to its Staff Report on January 11, 2013 ("Supplemental
10 Staff Report").

11 **BACKGROUND**

12 **Company Background**

13 10. RDC is an Arizona non-profit, member-owned cooperative engaged in the business of
14 providing water service to approximately 320 customers in Pima County, located between the City of
15 Tucson and the Town of Marana. The Commission granted RDC's Certificate of Convenience and
16 Necessity in Decision No. 41164 (February 23, 1971).

17 11. According to Staff, RDC's water system is comprised of two active wells, an arsenic
18 removal system, 170,000 gallons of storage capacity, two pressure tanks, two booster pump stations
19 and a distribution system.

20 12. RDC is within the Arizona Department of Water Resources ("ADWR") Tucson Active
21 Management Area. An ADWR compliance status report dated December 10, 2012, indicated that the
22 Company is in compliance with departmental requirements governing water providers and/or
23 community water systems.

24 13. An Arizona Department of Environmental Quality ("ADEQ") Compliance Status
25 Report dated September 6, 2012, indicated that there are no major deficiencies and ADEQ
26 determined that the Company's system, PWS #10-142, is in compliance with ADEQ regulations and
27 is currently delivering water that meets the water quality standards required by 40 CFR 141 and
28

1 A.A.C., Title 18, Chapter 4.

2 14. RDC has Commission-approved Backflow and Curtailment Tariffs.

3 15. Staff stated that RDC has no outstanding compliance issues, is in good standing with
4 the Commission's Corporation Division, and is current on its property tax and sales tax. Staff noted
5 that between January 1, 2009, and October 9, 2012, there was one billing complaint and one
6 disconnection/termination complaint filed against the Company. Both complaints have been resolved
7 and closed.

8 Relevant Decisions

9 16. In Decision No. 61733 (June 4, 1999), the Commission authorized the Company to
10 execute a \$266,300 promissory note and obtain a \$275,000 grant from USDA Rural Development
11 ("USDA") for installation of a new six-inch pipeline, a storage tank and other improvements. The
12 current debt service payments on the promissory note are \$1,757.46 per month.

13 17. On March 20, 2007, RDC filed an application seeking Commission authority to
14 borrow \$200,000 from the Arizona Water Infrastructure Finance Authority ("WIFA") to install
15 arsenic treatment facilities and other system upgrades. At the time the Company docketed the
16 finance application, water from RDC's Well No. 3 had arsenic levels of 18 parts per billion ("ppb"),
17 exceeding the Environmental Protection Agency standard of 10 ppb.

18 18. On May 4, 2007, RDC filed an application for a rate increase, which was consolidated
19 with the March 20, 2007, finance application in October 2007.

20 19. Decision No. 70311 (April 28, 2008), authorized RDC to borrow up to \$200,000 from
21 WIFA to install arsenic treatment facilities and to construct other system improvements. The
22 Commission directed RDC to file an arsenic remediation surcharge mechanism ("ARSM")
23 application for the portion of the WIFA loan related to the construction of the arsenic treatment
24 system. The Commission approved the ARSM in Decision No. 71102 (June 5, 2009), resulting in a
25 \$3.18 monthly arsenic surcharge per customer. RDC completed the arsenic treatment system in
26 2010. The current debt service payments on the WIFA loan are \$1,187.55 per month.

27 20. Decision No. 70311 also granted a rate increase, which reflects the Company's current
28

1 rates and charges.

2 21. Additionally, Decision No. 70311 ordered RDC to file a new rate application by June
3 1, 2011, using a test year ending December 31, 2010. On May 23, 2011, the Company filed a request
4 for an extension of time to comply with the rate case filing requirement. RDC explained that it was
5 attempting to re-form as a Domestic Water Improvement District to take advantage of grants not
6 available to it as a regulated public service utility. RDC stated that, if successful, it would no longer
7 be regulated and the rate application would be unnecessary. The Commission granted RDC's request
8 in Decision No. 72534 (August 17, 2011), extending the rate application filing deadline to June 30,
9 2012, using a December 31, 2011 test year. RDC filed this Application June 29, 2012.

10 RATE APPLICATION

11 22. In the Application, the Company noted that the arsenic absorption media installed with
12 the treatment system in 2010 had begun to lose its effectiveness. RDC learned that the Dow
13 Chemical media needed for the system would have to be replaced every one and a half-to-two years
14 at a cost of approximately \$82,550. Staff verified the time-frame and cost estimates.

15 23. RDC included a copy of a letter from WIFA dated November 30, 2011, which stated
16 that the Company was out of compliance with the terms of its loan agreement because RDC's Debt
17 Service Coverage ratio ("DSC") was below the required 1.2 at 0.83.¹ WIFA directed the Company to
18 explain how it planned to meet the DSC requirement or, if the Company believed a rate increase was
19 needed, to provide evidence that RDC had filed a rate application with the Commission.

20 24. The Company stated that it had not experienced any customer growth since the last
21 rate application and did not expect any in the future, noting it is almost surrounded by another water
22 company so there is little room for expansion. RDC concluded there are no opportunities to generate
23 additional revenues except through a rate increase.

24 25. To address these issues, RDC proposed a 66.75 percent revenue increase of \$95,361,
25 from \$142,853 to \$238,214. The Company placed the increased revenue burden in the monthly

26 ¹ DSC ratio represents the number of times internally generated cash will cover required principal and interest payments on short-term
27 and long-term debt. A DSC of greater than 1.0 indicates that cash flow from operations is sufficient to cover expected debt service. A
28 DSC of less than 1.0 means that debt service obligations cannot be met by cash generated from operations and that another source of
funds is necessary to preclude default on the debt obligation.

1 customer charges with no increase in the commodity charges.

2 26. Staff recommended a 50.32 percent increase in revenues of \$71,888, from \$142,853 to
3 \$214,741. Staff stated that its recommended revenue requirement would give RDC sufficient cash
4 flow to pay its operating expenses, including the costs for the periodic replacement of the arsenic
5 absorption media, as well as the monthly debt service on the USDA and WIFA loans. Based on its
6 recommended revenues, Staff calculated a DSC ratio of 1.35 and concluded that its revenue
7 requirement "will allow the Company to meet the minimum 1.2 DSC ratio required by WIFA. Cash
8 flow needs and DSC requirements determined the revenue requirement."² Staff's recommended rate
9 design divided the revenue increase between the monthly charges and the commodity charges.

10 27. RDC objected to Staff's revenue recommendation because it was not enough to meet
11 the Company's debt service obligations, pay for the arsenic absorption media every one and a half-to-
12 two years, and still allow for accumulation of additional funds to pay for other much needed
13 equipment replacement and repairs. RDC stressed that, although Staff's recommendation provides for
14 the accumulation of funds necessary to replace the arsenic absorption media in two years, the
15 Company needs to replace the media now in order to comply with the arsenic level standards and
16 Staff's recommendations did not address this need.

17 28. RDC also objected to Staff's rate design, contending that splitting the increase
18 between the monthly customer charge and the commodity charge places an unfair burden on higher-
19 use customers. The Company argued that because the arsenic treatment system benefits all customers
20 equally, the WIFA loan and media replacement costs should be allocated equally. According to
21 RDC, its "higher-use customers have large families, and/or horses, goats, chickens and other
22 livestock. Higher Commodity Charges, therefore, put an unfair burden on those least able to afford
23 it."³ RDC also noted that members have not objected to the Company's proposed rate increase.

24 29. Staff and RDC met on December 27, 2012, to discuss the Company's concerns. In a
25 letter docketed January 8, 2013, RDC stated that at the meeting, Staff proposed a revision to its rate
26 design that was acceptable to the Company.

27 _____
28 ² Staff Report, page 7.

³ Response to Staff Report, page 2.

30. Staff submitted its Supplemental Staff Report reflecting the agreed-upon revisions to Staff's rate structure. Staff explained that its revised rate design placed more of the burden in the monthly customer charge than typically recommended, but asserted the Company's circumstances made this allocation necessary.

31. During the test year ended December 31, 2011, the Company served approximately 320 customers. Average and median usages on the 5/8-inch x 3/4-inch meters during the test year were 7,767 and 5,154 gallons per month, respectively.

32. The rates and charges for the Company at present, as proposed by the Company,⁴ and as recommended by Staff in the Supplemental Staff Report, are as follows:

	Present Rates	Company Proposed	Staff Recommended
<u>MONTHLY CUSTOMER CHARGE:</u> <u>(All Classes)</u>			
5/8" x 3/4" Meter	\$ 14.00	\$ 38.99	\$ 30.00
3/4" Meter	16.00	40.99	45.00
1" Meter	20.00	44.99	75.00
1-1/2" Meter	66.00	90.99	150.00
2" Meter	105.00	129.99	240.00
3" Meter	209.00	233.99	480.00
4" Meter	325.00	349.99	750.00
6" Meter	650.00	674.99	1,500.00
<u>Gallons Included:</u>	0	0	0
<u>Arsenic Surcharge:</u>	\$3.18	N/A	N/A
<u>COMMODITY RATES:</u> <u>(Per 1,000 Gallons)</u>			
<u>5/8" x 3/4", 3/4" and 1" Residential Meters:</u>			
0 to 3,000 Gallons	\$1.40	\$1.40	\$1.60
3,001 to 10,000 Gallons	2.10	2.10	2.60
Over 10,000 Gallons	3.00	3.00	3.77
<u>1 1/2" and Larger Meters:</u>			
0 to 25,000 Gallons	\$2.10	\$2.10	\$2.60
Over 25,000 Gallons	3.00	3.00	3.00
<u>Bulk Water:</u>	\$4.50	\$4.50	\$3.77

⁴ RDC's Responses to Data Requests dated August 22, 2012.

SERVICE LINE AND METER INSTALLATION CHARGES:
(Non-Refundable)

	<u>Company</u>		<u>Staff Recommended</u>		<u>Total</u>
	<u>Current</u>	<u>Proposed</u>	<u>Service Line</u>	<u>Meter</u>	
5/8" x 3/4" Meter	\$ 440.00	\$ 440.00	\$ 355.00	\$ 85.00	\$ 440.00
3/4" Meter	520.00	520.00	355.00	165.00	520.00
1" Meter	610.00	610.00	405.00	205.00	610.00
1-1/2" Meter	855.00	855.00	440.00	415.00	855.00
2" Meter	1,515.00	1,515.00	1,015.00	500.00	1,515.00
3" Meter	2,195.00	2,195.00	1,420.00	775.00	2,195.00
4" Meter	3,360.00	3,360.00	2,250.00	1,110.00	3,360.00
6" Meter	6,115.00	6,115.00	4,445.00	1,670.00	6,115.00
Over 6" Meter	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost

SERVICE CHARGES:

	<u>Present Rates</u>	<u>Company Proposed</u>	<u>Staff Recommended</u>
Establishment	\$35.00	\$40.00	\$40.00
Establishment (After Hours)	40.00	N/A	N/A
Reconnection (Delinquent)	40.00	\$40.00	\$40.00
Reconnection (Delinquent and After Hours)	N/A	60.00	N/A
After Hours Service Charge	N/A	N/A	\$40.00
Meter Test (if correct)	\$45.00	\$45.00	45.00
Deposit	0.5%	*	*
Deposit Interest (Per Year)	*	*	*
Re-Establishment (Within 12 Months)	**	**	**
NSF Check	\$25.00	\$25.00	\$25.00
Deferred Payment (Per Month)	***	1.50%	1.50%
Meter Re-Read (If Correct)	\$15.00	\$20.00	\$20.00
Late Fee (Per Month)	1.50%	1.50%	1.50%

Monthly Service Charge for Fire Sprinklers:

4" or Smaller	****	****	****
6"	****	****	****
8"	****	****	****
10"	****	****	****
Larger than 10"	****	****	****

* Per Commission Rule A.A.C. R14-2-403(B).

** Months off system times the monthly minimum per Commission Rule A.A.C. R14-2-403(D).

*** Per Commission Rule A.A.C. R14-2-409(G).

**** 2.00% of monthly minimum for a comparable sized meter connection, but no less than \$10.00 per month.
The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

33. Staff determined RDC's original cost rate base, which is the same as its fair value rate base ("FVRB"), to be \$229,771. This \$51,794 decrease to RDC's proposed FVRB of \$281,565

1 resulted from Staff's adjustments to plant-in-service, accumulated depreciation and working capital.
2 RDC did not object to Staff's adjustments to its proposed FVRB. Staff's proposed rate base
3 adjustments are reasonable and will be adopted.

4 34. Staff adopted RDC's proposed test year operating revenues of \$142,853. Staff's
5 adjustments to the Company's proposed test year operating expenses resulted in a net increase of
6 \$14,736, from \$178,522 to \$193,258, due to Staff's adjustments to purchased power, repairs and
7 maintenance, office supplies and expenses, water testing, rate case expense and depreciation expense.
8 RDC did not object to Staff's adjustments to its proposed operating expenses. Staff's proposed
9 adjustments to operating expenses are reasonable and will be adopted.

10 35. After Staff's adjustments, RDC's present water rates and charges reflect an operating
11 loss of (\$50,405), for no return on its FVRB during the test year.

12 36. RDC's proposed water rates and charges would produce operating revenue of
13 \$238,214 and, with operating expenses of \$178,522, provide an operating income of \$59,692, for a
14 21.20 percent rate of return on its proposed \$281,565 FVRB and a 25.06 percent operating margin.

15 37. Staff's recommended rates and charges would produce operating revenues of
16 \$214,741 and, with operating expenses of \$193,258, provide an operating income of \$21,484, for a
17 9.35 percent rate of return on Staff's recommended \$229,771 FVRB, and an operating margin of
18 10.00 percent.

19 38. The Company's proposed rates would increase the average monthly residential
20 customer bill by \$21.81, or 69.5 percent, from \$31.39 (which includes the \$3.18 arsenic surcharge),
21 to \$53.20, and would increase the median monthly residential customer bill by \$21.81, or 84.2
22 percent, from \$25.90 (which includes the \$3.18 arsenic surcharge) to \$47.71.

23 39. The recommended rates proposed by Staff in the Supplemental Staff Report would
24 increase the average monthly residential customer bill by \$15.80, or 50.3 percent, from \$31.39 to
25 \$47.19, and would increase the median monthly residential customer bill by \$14.50, or 56.0 percent,
26
27
28

1 from \$25.90 to \$40.40.⁵

2 40. Both RDC's and Staff's rate design reflect the elimination of the arsenic surcharge.

3 41. We note that RDC argued that the arsenic treatment system benefits all customers
4 equally so its costs should be allocated equally to all customers through the monthly customer charge.
5 RDC's argument ignores the fact that those customers who use large amounts of water place greater
6 demands on the arsenic treatment system, likely causing the arsenic absorption media to lose its
7 effectiveness sooner. By placing more of the rate increase in the commodity charges, those
8 customers who use large amounts of water would be paying some of the cost associated with the
9 higher demands they are placing on the system. If the higher-use customers begin to conserve water
10 because of higher commodity charges, this could put less demand on the system, possibly extending
11 the life of the arsenic absorption media, saving the Company money over the long-run.

12 42. RDC contended that very little of their members' water use is discretionary or
13 wasteful, noting there are few lawns and only one swimming pool. Those using higher amounts of
14 water are using it for livestock and gardens, and are supporting large families. The Company
15 concluded that increasing the commodity charge to encourage water conservation has minimal effect
16 when so little of the use is discretionary and results in an unfair burden on those who cannot afford to
17 pay higher commodity rates.

18 43. Staff acknowledged that its recommendation to include more of the rate increase in the
19 monthly customer charge deviates from its usual rate design methodology. Staff explained that the
20 circumstances and characteristics of RDC's customer base, as well as the Company's heavy debt
21 load, necessitated placing a greater portion of the rate burden in the monthly customer charge. In
22 making this recommendation, Staff also took into consideration that RDC is a small water
23 cooperative run mainly by its members.

24 44. We note that Staff's revised rate design still places some of the increase in the
25 commodity charge, so the higher-use customers will bear some of the costs for the strain their higher
26

27 ⁵ Staff's original recommendation would have increased the average monthly residential customer bill by \$15.18, or 48.4
28 percent, from \$31.39 to \$46.57, and would have increased the median monthly residential customer bill by \$10.22, or
39.4 percent, from \$25.90 to \$36.12.

1 demands place on the system. We also note that no customers have objected to the Company's
2 requested rate increase, and that RDC has accepted Staff's revised rate design.

3 45. Under these specific circumstances, we find that Staff's recommended rates, rate
4 design and charges are just and reasonable and we will adopt them.

5 46. Staff noted that in prior Decisions the Commission granted RDC a variance from the
6 conditions of A.A.C. R14-2-405(B)(2), by not requiring the Company to refund service line and
7 meter installation charges and directing RDC to account for these non-refundable charges as
8 contributions. Staff stated that it would be unfair to allow new customers to receive a refund on these
9 charges when the current customers could not and recommended a continuation of the variance.

10 47. Staff recommended that the Company file with the Commission a schedule of its
11 approved rates and charges within 30 days of the effective date of this Decision.

12 48. Staff also recommended that the Company adopt the depreciation rates by individual
13 National Association of Regulatory Utility Commissioners ("NARUC") category as set forth in
14 Exhibit 5 of the Engineering Report found in the Staff Report as Attachment A.

15 49. Staff stated the Company's five proposed BMP Tariffs are relevant to its service area
16 characteristics and conform to the templates developed by Staff. Staff recommended approval of the
17 five proposed BMP Tariffs and that RDC should file the approved BMP Tariffs with Docket Control
18 within 30 days of the effective date of this Decision.

19 50. We believe it is reasonable to authorize RDC to collect from its customers a
20 proportionate share of any privilege, sales or use tax as provided for in A.A.C. R-14-2-409(D).

21 51. In Decision No. 70311 (April 24, 2008), the Commission ordered the Company to file
22 annually, as part of its Annual Report, an affidavit with the Utilities Division attesting that it is
23 current on paying its property taxes. We believe it is reasonable to require RDC to continue to file
24 the property tax affidavit.

25 52. We find that Staff's recommendations, as well as the recommendations stated in
26 Findings of Fact Nos. 50 and 51, are reasonable and we will adopt them.

27 ...

CONCLUSIONS OF LAW

1. RDC is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250 and 40-251.

2. The Commission has jurisdiction over RDC and of the subject matter of the Application.

3. Notice of the Application was provided in the manner prescribed by Arizona law.

4. The authorized rates and charges are just and reasonable and should be approved without a hearing.

5. Staff's recommendations, as well as the recommendations stated in Findings of Fact Nos. 50 and 51, are reasonable and should be adopted.

ORDER

IT IS THEREFORE ORDERED that Rancho del Conejo Community Water Co-op., Inc. shall file with Docket Control, as a compliance item in this docket, by May 31, 2013, revised tariffs setting forth the following rates and charges:

MONTHLY CUSTOMER CHARGE:
(All Classes)

5/8" x 3/4" Meter	\$ 30.00
3/4" Meter	45.00
1" Meter	75.00
1-1/2" Meter	150.00
2" Meter	240.00
3" Meter	480.00
4" Meter	750.00
6" Meter	1,500.00

COMMODITY RATES:
(Per 1,000 Gallons)**5/8" x 3/4", 3/4" and 1" Residential Meters:**

0 to 3,000 Gallons	\$1.60
3,001 to 10,000 Gallons	2.60
Over 10,000 Gallons	3.77

1 1/2" and Larger Meters:

0 to 25,000 Gallons	\$2.60
Over 25,000 Gallons	3.77

Bulk Water: \$3.77

SERVICE LINE AND METER INSTALLATION CHARGES:
(Non-Refundable)

	<u>Service Line Charge</u>	<u>Meter Charge</u>	<u>Total Charge</u>
5/8" x 3/4" Meter	\$ 355.00	\$ 85.00	\$ 440.00
3/4 " Meter	355.00	165.00	520.00
1" Meter	405.00	205.00	610.00
1-1/2" Meter	440.00	415.00	855.00
2" Meter	1,015.00	500.00	1,515.00
3" Meter	1,420.00	775.00	2,195.00
4" Meter	2,250.00	1,110.00	3,360.00
6" Meter	4,445.00	1,670.00	6,115.00
Over 6" Meter	Actual Cost	Actual Cost	Actual Cost

SERVICE CHARGES:

Establishment	\$40.00
Reconnection (Delinquent)	40.00
After Hours Service Charge	40.00
Meter Test (If Correct)	45.00
Deposit	*
Deposit Interest	*
Re-Establishment (Within 12 Months)	**
NSF Check	\$25.00
Deferred Payment (Per Month)	1.50%
Meter Re-Read (If Correct)	\$20.00
Late Fee (Per Month)	1.50%

Monthly Service Charge for Fire Sprinklers:

4" or Smaller	***
6"	***
8"	***
10"	***
Larger than 10"	***

* Per Commission Rule A.A.C. R14-2-403(B).

** Months off system times the monthly minimum per Commission Rule A.A.C. R14-2-403(D).

*** 2.00% of monthly minimum for a comparable sized meter connection, but no less than \$10.00 per month.
The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

IT IS FURTHER ORDERED that the above rates and charges shall be effective for all service provided on and after June 1, 2013.

IT IS FURTHER ORDERED that Rancho del Conejo Community Water Co-op., Inc. shall notify its customers of the authorized rates and charges, and their effective date, in a form acceptable to the Commission's Utilities Division Staff, by means of an insert in its next regularly scheduled

1 billing.

2 IT IS FURTHER ORDERED that the variance from the requirements of R14-2-405(B)(2)
3 shall continue, and Rancho del Conejo Community Water Co-op, Inc. shall not refund service line
4 and meter installation charges, and shall continue to account for the non-refundable service line and
5 meter installation charges as contributions.

6 IT IS FURTHER ORDERED that in addition to collection of its regular rates and charges,
7 Rancho del Conejo Community Water Co-op., Inc. is authorized to collect from its customers a
8 proportionate share of any privilege, sales or use tax pursuant to A.C.C. R14-2-409(D).

9 IT IS FURTHER ORDERED that Rancho del Conejo Community Water Co-op., Inc. shall
10 continue to file annually, as part of its annual report, an affidavit with the Commission's Utilities
11 Division attesting that Rancho del Conejo Community Water Co-op., Inc. is current in paying its
12 property taxes in Arizona.

13 IT IS FURTHER ORDERED that Rancho del Conejo Community Water Co-op, Inc. shall use
14 the depreciation rates by individual NARUC category set forth in Exhibit 5 of the Engineering Report
15 in Attachment A to the Staff Report.

16 IT IS FURTHER ORDERED that the proposed Best Management Practices Tariffs submitted
17 by Rancho del Conejo Community Water Co-op., Inc. are approved.

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1 IT IS FURTHER ORDERED that Rancho del Conejo Community Water Co-op., Inc. shall
2 file with Docket Control, as a compliance item in this docket, within 30 days of the effective date of
3 this Decision, the approved Best Management Practices Tariffs.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.
6

7 CHAIRMAN

COMMISSIONER

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9
10 COMMISSIONER

COMMISSIONER

COMMISSIONER

11 IN WITNESS WHEREOF, I, JODI JERICH, Executive
12 Director of the Arizona Corporation Commission, have
13 hereunto set my hand and caused the official seal of the
14 Commission to be affixed at the Capitol, in the City of Phoenix,
15 this _____ day of _____ 2013.

16 JODI JERICH
17 EXECUTIVE DIRECTOR

18 DISSENT _____
19

20 DISSENT _____
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28

1 SERVICE LIST FOR:

RANCHO DEL CONEJO COMMUNITY WATER
CO-OP, INC.

2 DOCKET NO.

W-02102B-12-0286

3
4 Albert Lannon, Vice President
RANCHO DEL CONEJO COMMUNITY
5 WATER CO-OP, INC.
13130 West Rudasill Road
6 Tucson, AZ 85743

7 Janice Alward, Chief Counsel
Legal Division
8 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
9 Phoenix, AZ 85007

10 Steven M. Olea, Director
Utilities Division
11 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
12 Phoenix, AZ 85007